BOEING NORTH AMERICAN
ROCKETDYNE PROPULSION & POWER
PROPERTY SYSTEM ANALYSIS REPORT

Physical Inventory - Government-owned Explosives, D/392

Analysis Summary

Rocketdyne Property Administration performed an analysis of Rocketdyne's controls over Government-owned explosives inventory maintained by SHEA, D/392. From a total of 56 line items of Government-owned explosives controlled by D/392, 33 line items (58.9%) were selected for testing to ensure record and inventory accuracy; that material was being stored in accordance with applicable FAR/contractual requirements, and to ensure adherence to operating procedures and requirements. This analysis disclosed no significant discrepancies; therefore, the control of explosives was determined to be operating in a **satisfactory** manner.

Purpose

As part of the Government's "Self-Governance" program, Rocketdyne's Property Administration is responsible for conducting a surveillance program on a planned, continuous, and systematic basis. The purpose of conducting analyses is to apply a uniform method of evaluating the effectiveness and adequacy of the functional organizations in carrying out their assigned responsibilities in compliance with functional organization procedures, company and division operating procedures, fulfillment of contractual obligations, and adherence to Government regulations.

Background

The following Government regulations provide contractual requirements for the control of Government-owned explosives utilized by Rocketdyne for performance on Government contracts:

DFARS 245.5	"MANAGEMENT OF GOVERNMENT PROPERTY IN THE POSSESSION OF CONTRACTORS"
DoD 4161.2-M	DoD Manual for the Performance of Contract Property Administration
FAR 45.5	MANAGEMENT OF GOVERNMENT PROPERTY IN THE POSSESSION OF CONTRACTORS"
NFS 18-45.5	MANAGEMENT OF GOVERNMENT PROPERTY IN THE POSSESSION OF CONTRACTORS"

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Rocketdyne implements these Government requirements through the following procedures or operating policies which were reviewed for adequacy and compliance prior to and during this analysis:

Boeing PRO-1026	"Ordnance Safety Program", Rev. 3/19/99
SOP C-307.004	"Ordnance Management Program", Rev. 11/11/99
SOP C-307.005	"Hazardous Material Acquisition Instructions", Rev. 6/2/00
SM-8, PMP 1.00	"Managing Property", Rev. 12/3/99
SM-8, PMP 5.20	"Government Furnished Property", Rev. 2/27/98
SM-8, PMP 10.30	"Storage of Property", Rev. 5/19/00
*SM-8, PMP 10.40	"Property Inventories", Rev. 12/20/91

*Refer to Observation #1, Page 3

Analysis Period

June 16, 2000 through June 22, 2000

Points of Contact

J. A. Kucinskas	D/392, Environmental, Health and Safety

Scope

This analysis was conducted pursuant to the guidance provided in the "DoD Manual for the Performance of Contract Property Administration" (DoD 4161.2-M), Appendix A and B, unless otherwise noted. The auditor certifies that the appropriate segment test criteria contained in the Functions listed below were utilized during the course of this analysis, to ensure compliance to Government requirements and company policy.

Function	Applicability	Function	Applicability
1 - Property Management	Policies & Procedures	9 - Reports	Not applicable
2 - Acquisition	Not applicable	10 - Consumption	Not applicable
3 - Receiving	Not applicable	11 - Utilization	Not applicable
4 - Identification	Applicable	12 - Maintenance	Not applicable
5 - Records	Applicable	13 - Subcontractor Control	Not applicable
6 - Movement	Not applicable	14 - Disposition	Not applicable
7 - Storage	Applicable	15 - Contract Property Closeout	Not applicable
8 - Physical Inventories	Applicable - Primary		

This examination of Government-owned explosives inventory control was initiated by obtaining a list from D/392, SHEA, titled "Explosive Inventory", dated June 22, 2000 which consisted of 56 line items of Government-owned explosives by Part Number, from which 21 line items were randomly selected in accordance with DOD 4161.2-M, App B for testing.

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In addition to the selected record samples mentioned above, 12 samples were randomly selected from floor locations to further test record accuracy. Only 12 floor samples were selected due to the limited storage and work area.

This analysis was performed by examining appropriate documentation, reviewing procedures and operating policies; testing samples against applicable criteria; locating all material for a visual inspection; conducting interviews with functional personnel; and performing area walk-throughs, as necessary.

Observations (No response necessary)

1. **Property Administration, D/925**
   The referenced Property Management Procedures listed in the **Background** section of this report and contained in the SM-8 (Specialty Manual) section of Rocketdyne's "on-line" procedure system (CSOP) are in the process of being reviewed for possible revision. It is expected that this review will be completed by December 31, 2000.

2. **SHEA, D392**
   Although SHEA Guide No. RC-070G, "Ordnance Safety" and SHEA Guide C-307.004, "Ordnance Management Program", provide overall inventory management and storage guidelines for Government-owned explosives, SHEA should incorporate specific procedures or desk instructions IAW Federal Acquisition Regulations as supplemented by the BATF requirements for this storage activity that delineates all inventory management requirements, such as: receipt, issue, physical inventory performance, storage, records requirements, and MS Access System use. Property Administration provided an internet link to the specific FAR requirements to assist in the development of these procedures.

3. SHEA is storing all Government-owned explosives in Type II, Class 1, Portable Magazines in accordance with BATF/DOT requirements and location information is derived from Maintenance control labels on each magazine.

4 It should be noted that Dave Bahl, Safety Specialist, DLA, Van Nuys, performs quarterly explosive safety and storage inspections. To date such inspections were conducted 8/16/99, 11/15/99, 2/15/99, and 5/23/00.

5. It was noted that cost and acquisition date information was missing from database. Such information was lost during conversion of records from Product Support to SHEA. This missing information was obtained and entered into record during the course of the audit. Action complete.

6. Physical inventories are required by ATF to be completed no later than August 31 of each year. Rocketdyne physical inventory schedule indicates completion by October 31, 2000. SHEA is currently performing wall-to-wall inventory and will report results to Property Administration shortly after ATF scheduled completion.

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Findings

Upon completion of this system analysis, based on the information obtained for the tested samples, it has been determined that the adequacy of Rocketdyne's inventory control of Government-owned explosives maintained by SHEA, D/392, was considered **satisfactory**.

Analysis Conducted By

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